

1 MICHAEL WALTON  
2 P.O. Box 751  
3 San Anselmo, CA 94979  
4 (415) 456-7920  
5 In Propria Persona

FILED

6 SUPERIOR COURT OF THE STATE OF CALIFORNIA NOV 17 1993  
7 FOR THE COUNTY OF MARIN

HOWARD HANSON  
MARIN COUNTY CLERK  
By J. Steels, Deputy

RECEIVED

NOV 17 1993

HUB LAW OFFICES

8 CHURCH OF SCIENTOLOGY )  
9 INTERNATIONAL, a California )  
10 not-for-profit religious )  
11 corporation, )  
12 )  
13 Plaintiff, )  
14 )  
15 vs. )  
16 )  
17 GERALD ARMSTRONG; MICHAEL )  
18 WALTON; THE GERALD ARMSTRONG )  
19 CORPORATION, a California for )  
20 profit corporation; DOES 1 )  
21 through 100, inclusive, )  
22 )  
23 Defendants. )  
24 )  
25

CASE NO. 157 680

DECLARATION OF MICHAEL WALTON  
IN SUPPORT OF REPLY MEMORANDUM

Date: NOVEMBER 19, 1993  
Time: 9:00 A.M.  
Location: Dept. 1  
Trial Date: None

25 I, Michael Walton, declare under penalty of perjury under the  
26 laws of the State of California that the following recitation is  
27 true and correct.

28 I met Gerald Armstrong in early 1982 when we were both working  
29 for a law firm in Newport Beach, California. Shortly after  
30 commencing as an associate in the firm, I saw Mr. Armstrong's name  
31 in a Los Angeles Times newspaper. The article indicated that he  
32 was involved in litigation with the Scientology organization. It  
33 was my impression from the article that Mr. Armstrong had some  
34 personal knowledge of the founder of the church, L. Ron Hubbard. As  
35 a literature major in college, I had read some of Mr. Hubbard's  
36 science fiction. I was aware that he shunned the public and thought

COPY



1 of him as the Howard Hughes of science fiction. It was my curiosity  
2 that made me approach Mr. Armstrong in the office shortly after  
3 that to ask him if he did, in fact, know personally, Mr. Hubbard.  
4 Within a couple of weeks after that short conversation, Scientology  
5 set my deposition. Thereafter, Mr. Armstrong and I developed a  
6 continuing friendship. I have also represented Mr. Armstrong in  
7 legal matters.

8 In the latter part of 1989 or early in 1990, Mr. Armstrong and  
9 I were discussing a plan whereby we could together pursue a number  
10 of artistic, creative ventures. We decided that the most effective  
11 and probably most successful solution would be to live in closer  
12 proximity. At the time the discussions took place, Mr. Armstrong  
13 was living in the Berkeley Hills and I was living in Playa del Rey,  
14 California where I had been in private law practice for several  
15 years.

16 Also at that time, Mr. Armstrong indicated that the  
17 partnership in which he was involved, was having a difficult time  
18 selling their Fawn Drive project which was a private residence  
19 built on speculation and is the same residence which is the subject  
20 of this lawsuit. While I was very interested in joining Mr.  
21 Armstrong in attempting to develop some of the creative ideas we  
22 had discussed and wanted to leave the Los Angeles area, I was  
23 reliant upon my law practice to earn a living. I recognized that a  
24 move to Marin County would most likely soon render the practice  
25 unable to support me and that it might take years to redevelop a  
26 client base.



1           Finally, Mr. Armstrong and I agreed that we would give the  
2 association a try. I agreed to move to Marin County and to remain  
3 there for at least one year. During that time, I would work with  
4 Mr. Armstrong in developing a number of ideas that he already had  
5 and to try to come up with new ones. Most of the themes for the  
6 these projects were literary or artistic. Additionally, I would  
7 continue to represent him in the Scientology appeal in the initial  
8 Scientology lawsuit against him filed in 1982.

9           Mr. Armstrong agreed to provide the down payment for the Fawn  
10 Drive residence and to set aside approximately \$50,000 as a "house  
11 account" which was the estimated amount to pay for the house  
12 mortgage, insurance, taxes and repairs, etc. for one year. See  
13 Exhibit "A" attached hereto which is Mr. Armstrong's letter to me  
14 confirming these details.

15           On or about May 15, 1990, I executed a third party rider to a  
16 Deed of Trust and a Deed of Trust obligating me in the sum of  
17 \$397,500 which is attached hereto as Exhibit "B". On or about that  
18 day Fawn Partnership executed a Grant Deed in favor of Mr.  
19 Armstrong and myself. A copy of that Deed is attached hereto as  
20 Exhibit "C". I moved into the property on May 29, 1990 and have  
21 lived there continuously since.

22           According to the plan, we finished the work on Mr. Armstrong's  
23 Respondent's Brief to the Scientology appeal and worked on  
24 developing certain literary and artistic projects. We were  
25 successful in defending the appeal but we were not successful in  
26 the other areas.



1 On or about August 1990, Mr. Armstrong confided in me that he  
2 has been guided to renounce worldly possessions. Throughout the  
3 next few weeks, I questioned him regarding his decision. As a  
4 result of his responses and his continuing positive attitude  
5 regarding his decision, I was satisfied that he was of sound mind  
6 and good spirit. He never once mentioned an attempt to make himself  
7 judgment proof or in any way made reference to an attempt to cheat  
8 creditors. On or about August 14, 1990, he placed a memorandum in  
9 my office. A copy of that document is attached hereto as Exhibit  
10 "D". On or about August 23, 1990, Mr. Armstrong gave me another  
11 memorandum referencing his planned actions. A copy of that document  
12 is attached hereto as Exhibit "E".

13 Mr. Armstrong and I executed a Grant Deed in my favor on  
14 August 24, 1990. A copy of that document is attached hereto as  
15 Exhibit "F". Mr. Armstrong continued to live at the Fawn Drive  
16 residence off and on until August, 1991.

17 Subsequent to the transfer by Mr. Armstrong and myself, my  
18 wife and I refinanced the house eliminating Mr. Armstrong's name  
19 from the Deed of Trust. A copy of the Substitution of Trustee and  
20 Deed of Reconveyance is attached hereto as Exhibit "G".

21 The facts hereinabove recited are personally known to me  
22 and if called upon to testify, I could and would competently do so.

23 Dated: November 17, 1993

24 Place: San Anselmo, CA

25   
26 Michael L. Walton



1 PROOF OF SERVICE BY MAIL  
2 STATE OF CALIFORNIA, COUNTY OF MARIN

3 I am a resident of the county aforesaid; I am over the  
4 age of eighteen years and not a party to the within entitled  
5 action; my business address is 711 Sir Francis Drake Blvd., San  
6 Anselmo, California 94960.

7 On November 17, 1993, I served the within DECLARATION OF  
8 MICHAEL WALTON IN SUPPORT OF REPLY on the interested parties by  
9 placing true copies thereof enclosed in sealed envelopes with  
10 postage thereon fully prepaid, in the United States mail at San  
11 Anselmo, California addressed as follows:

12 Laurie J. Bartilson  
13 Bowles & Moxon  
14 62 55 Sunset Blvd., Suite 2000  
15 Los Angeles, CA 90028

16 Wilson, Ryan & Campilongo  
17 235 Montgomery Street, Suite 450  
18 San Francisco, CA 94104

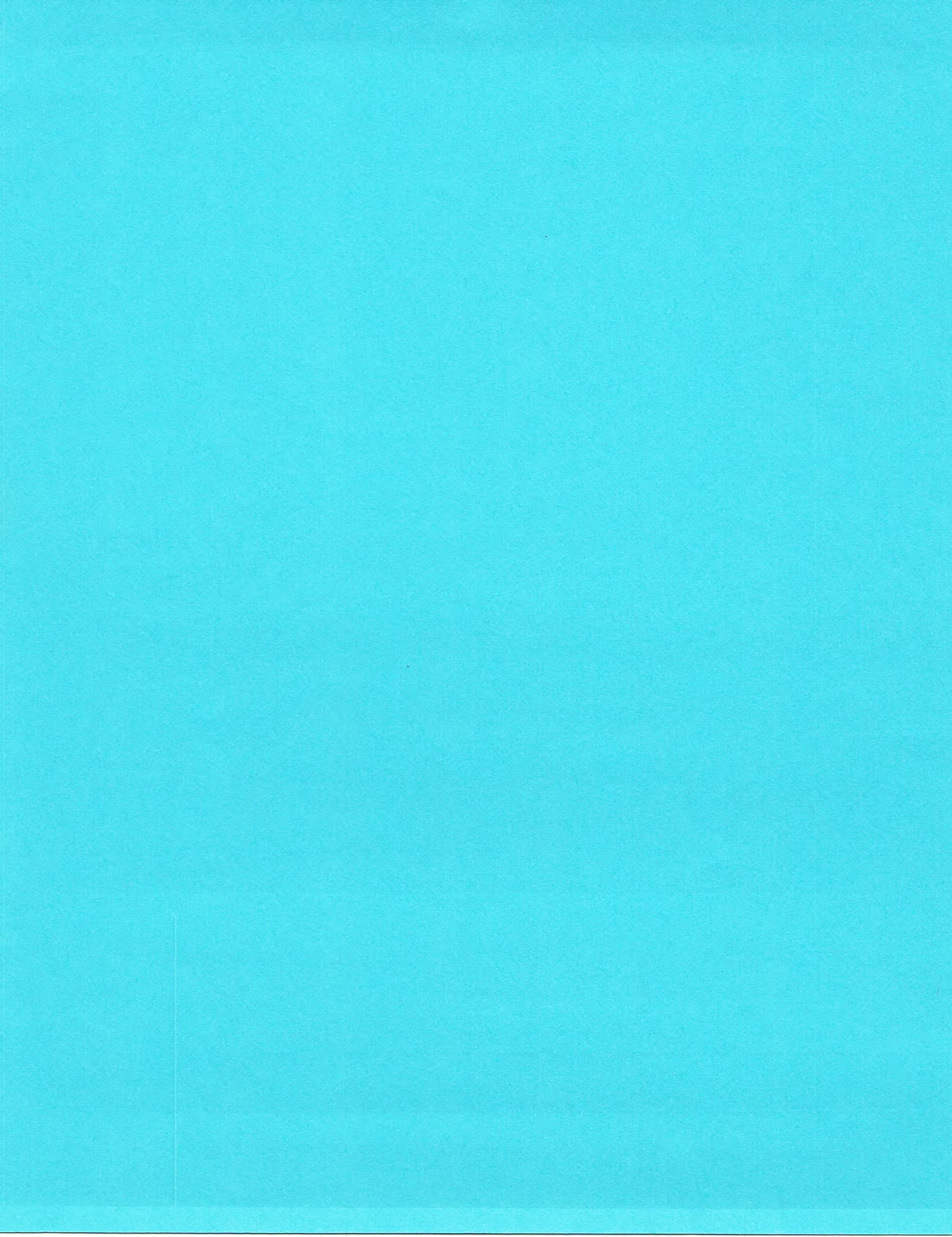
19 Ford Greene, Esq.  
20 711 Sir Francis Drake  
21 San Anselmo, CA 94960

22 Executed on November 17, 1993 at San Anselmo, California.

23 I declare under penalty of perjury that the foregoing is  
24 true and correct.  
25  
26

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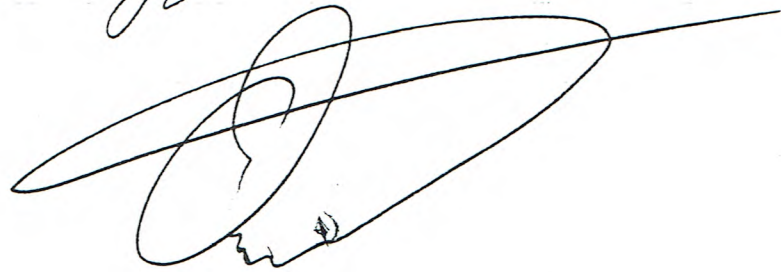
4-10-90

M.L.W.

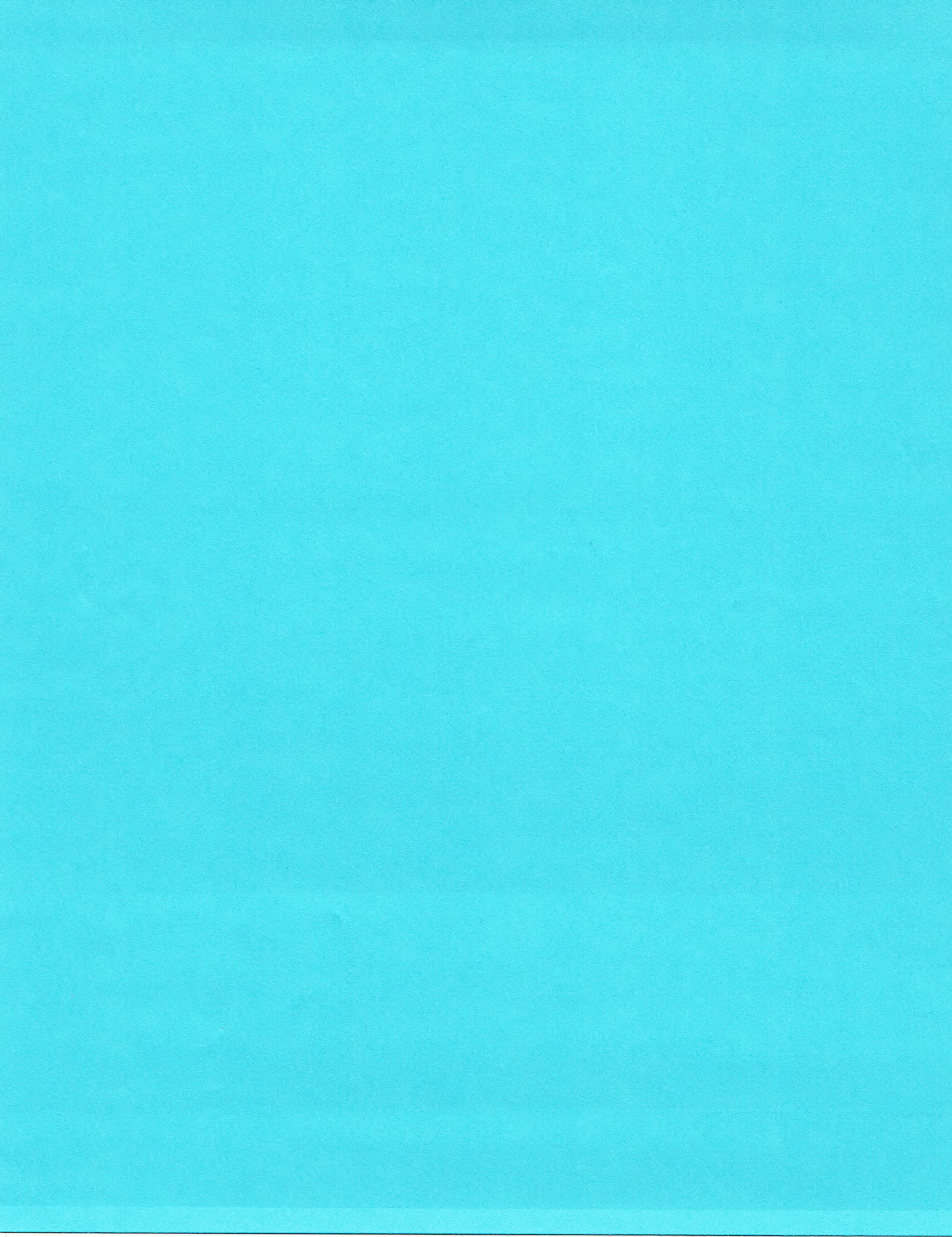
I think the money  
works to do this, and it  
is my intention to do

this:

1. Buy the Fawn house.
2. Allocate \$40,000 to a mortgage account.
3. Allocate \$10,000 to a house necessities account.
4. Before the end of one year the situation can be re-analyzed.













Said land is situated in the County of Marin, State of California.

PARCEL ONE

PARCEL TWO as shown upon that certain Parcel Map entitled, "Parcel Map Lands of California Land Title Portion Lands described in book 2887 of Official Records, at page 367, also being Portion of Lots 501 and 501-A unrecorded Map of Sleepy Hollow Acres, Vicinity of San Anselmo, Marin County, California, filed for record April 8, 1976 in Volume 12 of Parcel Maps, at page 43, Marin County Records.

EXCEPTING THEREFROM that portion deeded to Alain Pigois and Nina Pigois, husband and wife, as community property, by Deed recorded February 27, 1989, Serial No. 89 13373.

PARCEL TWO

AN EASEMENT for ingress, egress and public utility purposes described as follows:

BEGINNING at a point on the centerline of Fawn Drive, said point being the most southwesterly corner of Parcel 3, as shown upon that certain map entitled, "Parcel Map Lands of California Land Title Portion Lands described in Book 2887 of Official Records, at page 367, also being a portion of Lots 501 and 501-A, unrecorded Map of Sleepy Hollow Acres, Vicinity of San Anselmo, Marin County, California", filed for record April 9, 1976 in Volume 12 of Parcel Maps, at page 43, Marin County Records, said point also being the intersection of the calls "South 26° 20' East 135 feet and North 63° 40' East 20 feet" as contained in Parcel 2 of the Deed executed by California Land Title Company, a corporation to Michael C. McGuckin, et ux, recorded March 26, 1976 in Book 3010 of Official Records, at page 190, Marin County Records; thence from said point of beginning and along the exterior boundary of said Parcel 3, North 63° 40' East 20 feet; thence North 75° 07' 20" East 164.00 feet; thence leaving said exterior boundary of Parcel 3, North 12° 41' East 85.00 feet; thence North 30° 45' West 126.00 feet, thence North 13° 30' East 79.21 feet to the northwesterly boundary of Parcel 1, as shown upon that certain map referred to hereinabove; thence along the exterior boundary of said Parcel 1, South 84° 00' West 75.70 feet to the most Northerly corner of the parcel of land described in the Deed executed by Charles B. Robertson, et ux, to Paul Hopkins Talbot, Jr., et ux, recorded January 30, 1956 in Book 1002 of Official Records, at page 623, Marin County Records; thence continuing along said exterior boundary of Parcel One, South 21° 53' 30" East 111.77 feet, thence leaving said exterior boundary of Parcel 1, South 18° 45' East 95.06 feet thence South 21° 48' West 70.66 feet; thence South 75° 07' 20" West 160.00 feet to the centerline of Fawn Drive; thence along the exterior boundary of said Parcel 3, also being the centerline of "Fawn Drive, South 26° 20' East 24.46 feet to the point of beginning.

A.P. 177-122-17



UNIFORM COVENANTS. Borrower and Lender covenant and agree as follows:

1. **Payment of Principal and Interest; Prepayment and Late Charges.** Borrower shall promptly pay when due the principal of and interest on the debt evidenced by the Note and any prepayment and late charges due under the Note.

2. **Funds for Taxes and Insurance.** Subject to applicable law or to a written waiver by Lender, Borrower shall pay to Lender on the day monthly payments are due under the Note, until the Note is paid in full, a sum ("Funds") equal to one-twelfth of: (a) yearly taxes and assessments which may attain priority over this Security Instrument; (b) yearly leasehold payments or ground rents on the Property, if any; (c) yearly hazard insurance premiums; and (d) yearly mortgage insurance premiums, if any. These items are called "escrow items." Lender may estimate the Funds due on the basis of current data and reasonable estimates of future escrow items.

The Funds shall be held in an institution the deposits or accounts of which are insured or guaranteed by a federal or state agency (including Lender if Lender is such an institution). Lender shall apply the Funds to pay the escrow items. Lender may not charge for holding and applying the Funds, analyzing the account or verifying the escrow items, unless Lender pays Borrower interest on the Funds and applicable law permits Lender to make such a charge. A charge assessed by Lender in connection with Borrower's entering into this Security Instrument to pay the cost of an independent tax reporting service shall not be a charge for purposes of the preceding sentence. Borrower and Lender may agree in writing that interest shall be paid on the Funds. Unless an agreement is made or applicable law requires interest to be paid, Lender shall not be required to pay Borrower any interest or earnings on the Funds. Lender shall give to Borrower, without charge, an annual accounting of the Funds showing credits and debits to the Funds and the purpose for which each debit to the Funds was made. The Funds are pledged as additional security for the sums secured by this Security Instrument.

If the amount of the Funds held by Lender, together with the future monthly payments of Funds payable prior to the due dates of the escrow items, shall exceed the amount required to pay the escrow items when due, the excess shall be, at Borrower's option, either promptly repaid to Borrower or credited to Borrower on monthly payments of Funds. If the amount of the Funds held by Lender is not sufficient to pay the escrow items when due, Borrower shall pay to Lender any amount necessary to make up the deficiency in one or more payments as required by Lender.

Upon payment in full of all sums secured by this Security Instrument, Lender shall promptly refund to Borrower any Funds held by Lender. If under paragraph 19 the Property is sold or acquired by Lender, Lender shall apply, no later than immediately prior to the sale of the Property or its acquisition by Lender, any Funds held by Lender at the time of application as a credit against the sums secured by this Security Instrument.

3. **Application of Payments.** Unless applicable law provides otherwise, all payments received by Lender under paragraphs 1 and 2 should be applied: first to amounts payable under paragraph 2; second to interest; and last to principal.

4. **Charges; Liens.** Borrower shall pay all taxes, assessments, charges, fines and impositions attributable to the Property which may attain priority over this Security Instrument, and leasehold payments or ground rents, if any. Borrower shall pay these obligations in the manner provided in paragraph 2, or if not paid in that manner, Borrower shall pay them on time directly to the person owed payment. Borrower shall promptly furnish to Lender all notices of amounts to be paid under this paragraph. If Borrower makes these payments directly, Borrower shall promptly furnish to Lender receipts evidencing the payments.

Borrower shall promptly discharge any lien which has priority over this Security Instrument unless Borrower: (a) agrees in writing to the payment of the obligation secured by the lien in a manner acceptable to Lender; (b) contests in good faith the lien by, or defends against enforcement of the lien in, legal proceedings which in the Lender's opinion operate to prevent the enforcement of the lien or forfeiture of any part of the Property; or (c) secures from the holder of the lien an agreement satisfactory to Lender subordinating the lien to this Security Instrument. If Lender determines that any part of the Property is subject to a lien which may attain priority over this Security Instrument, Lender may give Borrower a notice identifying the lien. Borrower shall satisfy the lien or take one or more of the actions set forth above within 10 days of the giving of notice.

5. **Hazard Insurance.** Borrower shall keep the improvements now existing or hereafter erected on the Property insured against loss by fire, hazards included within the term "extended coverage" and any other hazards for which Lender requires insurance. This insurance shall be maintained in the amounts and for the periods that Lender requires. The insurance carrier providing the insurance shall be chosen by Borrower subject to Lender's approval which shall not be unreasonably withheld.

All insurance policies and renewals shall be acceptable to Lender and shall include a standard mortgagee clause. Lender shall have the right to hold the policies and renewals. If Lender requires, Borrower shall promptly give to Lender all receipts of paid premiums and renewal notices. In the event of loss, Borrower shall give prompt notice to the insurance carrier and Lender. Lender may make proof of loss if not made promptly by Borrower.

Unless Lender and Borrower otherwise agree in writing, insurance proceeds shall be applied to restoration or repair of the Property damaged, if the restoration or repair is economically feasible and Lender's security is not lessened. If the restoration or repair is not economically feasible or Lender's security would be lessened, the insurance proceeds shall be applied to the sums secured by this Security Instrument, whether or not then due, with any excess paid to Borrower. If Borrower abandons the Property, or does not answer within 30 days a notice from Lender that the insurance carrier has offered to settle a claim, then Lender may collect the insurance proceeds. Lender may use the proceeds to repair or restore the Property or to pay sums secured by this Security Instrument, whether or not then due. The 30-day period will begin when the notice is given.

Unless Lender and Borrower otherwise agree in writing, any application of proceeds to principal shall not extend or postpone the due date of the monthly payments referred to in paragraphs 1 and 2 or change the amount of the payments. If under paragraph 19 the Property is acquired by Lender, Borrower's right to any insurance policies and proceeds resulting from damage to the Property prior to the acquisition shall pass to Lender to the extent of the sums secured by this Security Instrument immediately prior to the acquisition.

6. **Preservation and Maintenance of Property; Leaseholds.** Borrower shall not destroy, damage or substantially change the Property, allow the Property to deteriorate or commit waste. If this Security Instrument is on a leasehold, Borrower shall comply with the provisions of the lease, and if Borrower acquires fee title to the Property, the leasehold and fee title shall not merge unless Lender agrees to the merger in writing.

7. **Protection of Lender's Right in the Property; Mortgage Insurance.** If Borrower fails to perform the covenants and agreements contained in this Security Instrument, or there is a legal proceeding that may significantly affect Lender's rights in the Property (such as a proceeding in bankruptcy, probate, for condemnation or to enforce laws or regulations), then Lender may do and pay for whatever is necessary to protect the value of the Property and Lender's rights in the Property. Lender's actions may include paying any sums secured by a lien which has priority over this Security Instrument, appearing in court, paying reasonable attorneys' fees and entering on the Property to make repairs. Although Lender may take action under this paragraph 7, Lender does not have to do so.

Any amounts disbursed by Lender under this paragraph 7 shall become additional debt of Borrower secured by this Security Instrument. Unless Borrower and Lender agree to other terms of payment, these amounts shall bear interest from the date of disbursement at the Note rate and shall be payable, with interest, upon notice from Lender to Borrower requesting payment.



If Lender required mortgage insurance as a condition of making the loan secured by this Security Instrument, Borrower shall pay the premiums required to maintain the insurance in effect until such time as the requirement for the insurance terminates in accordance with Borrower's and Lender's written agreement or applicable law.

**8. Inspection.** Lender or its agent may make reasonable entries upon and inspections of the Property. Lender shall give Borrower notice at the time of or prior to an inspection specifying reasonable cause for the inspection.

**9. Condemnation.** The proceeds of any award or claim for damages, direct or consequential, in connection with any condemnation or other taking of any part of the Property, or for conveyance in lieu of condemnation, are hereby assigned and shall be paid to Lender.

In the event of a total taking of the Property, the proceeds shall be applied to the sums secured by this Security Instrument, whether or not then due, with any excess paid to Borrower. In the event of a partial taking of the Property, unless Borrower and Lender otherwise agree in writing, the sums secured by this Security Instrument shall be reduced by the amount of the proceeds multiplied by the following fraction: (a) the total amount of the sums secured immediately before the taking, divided by (b) the fair market value of the Property immediately before the taking. Any balance shall be paid to Borrower.

If the Property is abandoned by Borrower, or if, after notice by Lender to Borrower that the condemnor offers to make an award or settle a claim for damages, Borrower fails to respond to Lender within 30 days after the date the notice is given, Lender is authorized to collect and apply the proceeds, at its option, either to restoration or repair of the Property or to the sums secured by this Security Instrument, whether or not then due.

Unless Lender and Borrower otherwise agree in writing, any application of proceeds to principal shall not extend or postpone the due date of the monthly payments referred to in paragraphs 1 and 2 or change the amount of such payments.

**10. Borrower Not Released; Forbearance by Lender Not a Waiver.** Extension of the time for payment or modification of amortization of the sums secured by this Security Instrument granted by Lender to any successor in interest of Borrower shall not operate to release the liability of the original Borrower or Borrower's successors in interest. Lender shall not be required to commence proceedings against any successor in interest or refuse to extend time for payment or otherwise modify amortization of the sums secured by this Security Instrument by reason of any demand made by the original Borrower or Borrower's successors in interest. Any forbearance by Lender in exercising any right or remedy shall not be a waiver of or preclude the exercise of any right or remedy.

**11. Successors and Assigns Bound; Joint and Several Liability; Co-signers.** The covenants and agreements of this Security Instrument shall bind and benefit the successors and assigns of Lender and Borrower, subject to the provisions of paragraph 17. Borrower's covenants and agreements shall be joint and several. Any Borrower who co-signs this Security Instrument but does not execute the Note: (a) is co-signing this Security Instrument only to mortgage, grant and convey that Borrower's interest in the Property under the terms of this Security Instrument; (b) is not personally obligated to pay the sums secured by this Security Instrument; and (c) agrees that Lender and any other Borrower may agree to extend, modify, forbear or make any accommodations with regard to the terms of this Security Instrument or the Note without that Borrower's consent.

**12. Loan Charges.** If the loan secured by this Security Instrument is subject to a law which sets maximum loan charges, and that law is finally interpreted so that the interest or other loan charges collected or to be collected in connection with the loan exceed the permitted limits, then: (a) any such loan charge shall be reduced by the amount necessary to reduce the charge to the permitted limit; and (b) any sums already collected from Borrower which exceeded permitted limits will be refunded to Borrower. Lender may choose to make this refund by reducing the principal owed under the Note or by making a direct payment to Borrower. If a refund reduces principal, the reduction will be treated as a partial prepayment without any prepayment charge under the Note.

**13. Legislation Affecting Lender's Rights.** If enactment or expiration of applicable laws has the effect of rendering any provision of the Note or this Security Instrument unenforceable according to its terms, Lender, at its option, may require immediate payment in full of all sums secured by this Security Instrument and may invoke any remedies permitted by paragraph 19. If Lender exercises this option, Lender shall take the steps specified in the second paragraph of paragraph 17.

**14. Notices.** Any notice to Borrower provided for in this Security Instrument shall be given by delivering it or by mailing it by first class mail unless applicable law requires use of another method. The notice shall be directed to the Property Address or any other address Borrower designates by notice to Lender. Any notice to Lender shall be given by first class mail to Lender's address stated herein or any other address Lender designates by notice to Borrower. Any notice provided for in this Security Instrument shall be deemed to have been given to Borrower or Lender when given as provided in this paragraph.

**15. Governing Law; Severability.** This Security Instrument shall be governed by federal law and the law of the jurisdiction in which the Property is located. In the event that any provision or clause of this Security Instrument or the Note conflicts with applicable law, such conflict shall not affect other provisions of this Security Instrument or the Note which can be given effect without the conflicting provision. To this end the provisions of this Security Instrument and the Note are declared to be severable.

**16. Borrower's Copy.** Borrower shall be given one conformed copy of the Note and of this Security Instrument.

**17. Transfer of the Property or a Beneficial Interest in Borrower.** If all or any part of the Property or any interest in it is sold or transferred (or if a beneficial interest in Borrower is sold or transferred and Borrower is not a natural person) without Lender's prior written consent, Lender may, at its option, require immediate payment in full of all sums secured by this Security Instrument. However, this option shall not be exercised by Lender if exercise is prohibited by federal law as of the date of this Security Instrument.

If Lender exercises this option, Lender shall give Borrower notice of acceleration. The notice shall provide a period of not less than 30 days from the date the notice is delivered or mailed within which Borrower must pay all sums secured by this Security Instrument. If Borrower fails to pay these sums prior to the expiration of this period, Lender may invoke any remedies permitted by this Security Instrument without further notice or demand on Borrower.

**18. Borrower's Right to Reinstate.** If Borrower meets certain conditions, Borrower shall have the right to have enforcement of this Security Instrument discontinued at any time prior to the earlier of: (a) 5 days (or such other period as applicable law may specify for reinstatement) before sale of the Property pursuant to any power of sale contained in this Security Instrument; or (b) entry of a judgment enforcing this Security Instrument. Those conditions are that Borrower: (a) pays Lender all sums which then would be due under this Security Instrument and the Note had no acceleration occurred; (b) cures any default of any other covenants or agreements; (c) pays all expenses incurred in enforcing this Security Instrument, including, but not limited to, reasonable attorneys' fees; and (d) takes such action as Lender may reasonably require to assure that the lien of this Security Instrument, Lender's rights in the Property and Borrower's obligation to pay the sums secured by this Security Instrument shall continue unchanged. Upon reinstatement by Borrower, this Security Instrument and the obligations secured hereby shall remain fully effective as if no acceleration had occurred. However, this right to reinstate shall not apply in the case of acceleration under paragraphs 13 or 17.



Dated May 14, 19 90

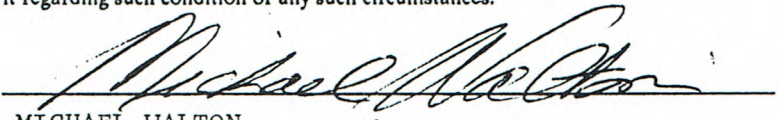
In exchange for a valuable and sufficient consideration, in order to induce the Beneficiary of this Deed of Trust to extend credit to **GERALD D ARMSTRONG, AN UNMARRIED MAN**

as Borrowers, and recognizing that Beneficiary would not be extending such credit except for the execution of the Deed of Trust by all of the undersigned Trustors, Trustors are executing this Deed of Trust to secure the above-described debts of Borrowers. The Undersigned Trustors authorize Beneficiary, without notice or demand and without affecting its rights hereunder or the lien hereof, from time to time to (a) renew, extend, accelerate or otherwise change the time for payment of, or otherwise change the terms of the indebtedness or any part thereof, including increase or decrease of the rate of interest thereon; (b) take and hold additional security for the payment of the indebtedness guaranteed, and exchange, enforce, waive and release any security; (c) apply such security and direct the order or manner of sale thereof as Beneficiary in its discretion may determine; and (d) release or substitute any one or more endorsers or guarantors. Beneficiary may without notice assign this Deed of Trust in whole or in part. Trustors waive any right to require the beneficiary to:

- (a) proceed against Borrowers;
- (b) proceed against or exhaust any security; or
- (c) pursue any other remedy in Beneficiary's power whatsoever.

Beneficiary may, at its election, exercise any right or remedy it may have against Borrowers or any security held by Beneficiary, including without limitation the right to foreclose upon any such security by judicial or nonjudicial sale, without affecting or impairing in any way the liability of Trustors hereunder except to the extent the indebtedness has been paid, and Trustors waive any defense arising out of the absence, impairment or loss of any right of reimbursement or subrogation or other right or remedy of Trustors against Borrowers or any such security, whether resulting from such election by Beneficiary or otherwise. Trustors waive any defense arising by reason of the cessation from any cause whatsoever of the liability of Borrowers. Until all indebtedness of Borrowers to Beneficiary shall have been paid in full, Trustors shall have no right of subrogation, and waive any right to enforce any remedy which Beneficiary now has or may hereafter have against Borrowers, and waive any benefit of, and any right to participate in, any security now or hereafter held by Beneficiary. Trustors waive all presentments, notices of protest, notices of dishonor, and notices of acceptance in connection with this Deed of Trust and of the existence, creation, or incurring of new or additional indebtedness. Trustors assume the responsibility for being and keeping themselves informed of the financial condition of Borrower and of all other circumstances bearing upon the risk of nonpayment of the indebtedness which diligent inquiry would reveal, and agrees that Beneficiary shall have no duty to advise Trustors of information known to it regarding such condition or any such circumstances.

Date: May 15, 19 90

  
MICHAEL WALTON

Trustors



**GENERAL ACKNOWLEDGMENT**

State of CALIFORNIA  
County of LOS ANGELES } SS.

On this the 15 day of MAY 1990, before me,  
GEORGE B. SPEAR

the undersigned Notary Public, personally appeared  
MICHAEL WALTON



personally known to me  
 proved to me on the basis of satisfactory evidence  
to be the person(s) whose name(s) IS subscribed to the  
within instrument, and acknowledged that HE executed it.  
WITNESS my hand and official seal.

George B. Spear  
Notary's Signature

**ATTENTION NOTARY:** Although the information requested below is **OPTIONAL**, it could prevent fraudulent attachment of this certificate to another document.

THIS CERTIFICATE  
MUST BE ATTACHED  
TO THE DOCUMENT  
DESCRIBED AT RIGHT:

Title or Type of Document DEED OF TRUST  
Number of Pages 6 Date of Document MAY 14 1990  
Signer(s) Other Than Named Above GERALD D ARMSTRONG



NON-UNIFORM COVENANT

Borrower and Lender further covenant and agree as follows:

19. Acceleration; Remedies. Lender shall give notice to Borrower prior to acceleration following Borrower's breach of any covenant or agreement in this Security Instrument (but not prior to acceleration under Paragraphs 13 and 17 unless applicable law provides otherwise). The notice shall specify: (a) the default; (b) the action required to cure the default; (c) a date, not less than 30 days from the date the notice is given to Borrower, by which the default must be cured; and (d) that failure to cure the default on or before the date specified in the notice may result in acceleration of the sums secured by this Security Instrument, and sale of the Property. The notice shall further inform Borrower of the right to reinstate after acceleration and the right to bring a court action to assert the non-existence of a default or any other defense of Borrower to acceleration and sale. If the default is not cured on or before the date specified in the notice, Lender at its option may require immediate payment in full of all sums secured by this Security Instrument without further demand and may invoke the power of sale and any other remedies permitted by applicable law. Lender shall be entitled to collect all expenses incurred in pursuing the remedies provided in this paragraph 19, including, but not limited to, reasonable attorney's fees and costs of title evidence.

If Lender invokes the power of sale, Lender shall execute or cause Trustee to execute a written notice of the occurrence of an event of default and of Lender's election to cause the Property to be sold. Trustee shall cause this notice to be recorded in each county in which any part of the Property is located. Lender or Trustee shall mail copies of the notice as prescribed by applicable law to Borrower and to the other persons prescribed by applicable law. Trustee shall give public notice of sale to the persons and in the manner prescribed by applicable law. After the time required by applicable law, Trustee, without demand on Borrower, shall sell the Property at public auction to the highest bidder at the time and place and under the terms designated in the notice of sale in one or more parcels and in any order Trustee determines. Trustee may postpone sale of all or any parcel of the Property by public announcement at the time and place of any previously scheduled sale. Lender or its designee may purchase the Property at any sale.

Trustee shall deliver to the purchaser Trustee's deed conveying the Property without any covenant or warranty, express or implied. The recitals in the Trustee's deed shall be prima facie evidence of the truth of the statements made therein. Trustee shall apply the proceeds of the sale in the following order: (a) to all expenses of the sale, including, but not limited to, reasonable Trustee's and attorneys' fees; (b) to all sums secured by this Security Instrument; and (c) any excess to the person or persons legally entitled to it.

20. Lender in Possession. Upon acceleration under paragraph 19 or abandonment of the Property, Lender (in person, by agent or by judicially appointed receiver) shall be entitled to enter upon, take possession of and manage the Property and to collect the rents of the Property including those past due. Any rents collected by Lender or the receiver shall be applied first to payment of the costs of management of the Property and collection of rents, including, but not limited to, receiver's fees, premiums on receiver's bonds and reasonable attorneys' fees, and then to the sums secured by this Security Instrument.

21. Reconveyance. Upon payment of all sums secured by this Security Instrument, Lender shall request Trustee to reconvey the property and shall surrender this Security Instrument and all notes evidencing debt secured by this Security Instrument to Trustee. Trustee shall reconvey the Property without warranty and without charge to the person or persons legally entitled to it. Such person or persons shall pay any recordation costs.

22. Substitute Trustee. Lender, at its option, may from time to time appoint a successor trustee to any Trustee appointed hereunder by an instrument executed and acknowledged by Lender and recorded in the office of the Recorder of the county in which the Property is located. The instrument shall contain the name of the original Lender, Trustee and Borrower, the book and page where this Security Instrument is recorded and the name and address of the successor trustee. Without conveyance of the Property, the successor trustee shall succeed to all the title, powers and duties conferred upon the Trustee herein and by applicable law. This procedure for substitution of trustee shall govern to the exclusion of all other provisions for substitution.

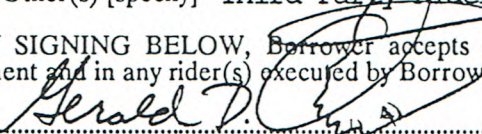
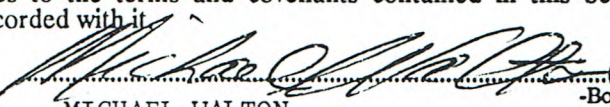
23. Request for Notices. Borrower requests that copies of the notices of default and sale be sent to Borrower's address which is the Property Address.

24. Statement of Obligation. Lender may collect a fee of \$50.00 for furnishing the statement of obligation as provided in Section 2943 of the Civil Code of California, not to exceed the maximum amount permitted by law.

25. Riders to this Security Instrument. If one or more riders are executed by Borrower and recorded together with this Security Instrument, the covenants and agreements of each such rider shall be incorporated into and shall amend and supplement the covenants and agreements of this Security Instrument as if the rider(s) were a part of this Security Instrument. [Check applicable box(es)]

- Adjustable Rate Rider
- Condominium Rider
- Graduated Payment Rider
- Planned Unit Development Rider
- Other(s) [specify] Third Party Rider;
- 1-4 Family Rider

BY SIGNING BELOW, Borrower accepts and agrees to the terms and covenants contained in this Security Instrument and in any rider(s) executed by Borrower and recorded with it.

 (Seal)  (Seal)  
 GERALD D ARMSTRONG -Borrower MICHAEL WALTON -Borrower  
 ..... (Seal) ..... (Seal)  
 ..... -Borrower ..... -Borrower

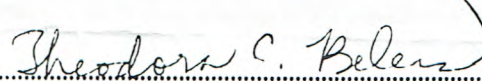
[Space Below This Line Reserved For Acknowledgement]

STATE OF CALIFORNIA, ALAMEDA County ss:

On this 16TH day of MAY, 19 90, before me, the undersigned, a Notary Public in and for said State, personally appeared GERALD D. ARMSTRONG

known to me, or proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is subscribed to the foregoing instrument and acknowledged that HE executed the same.

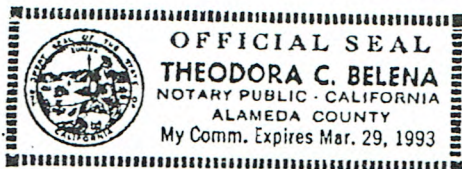
WITNESS my hand and official seal.

Signature: 

THEODORA C. BELENA

Name (typed or printed)

My Commission expires:



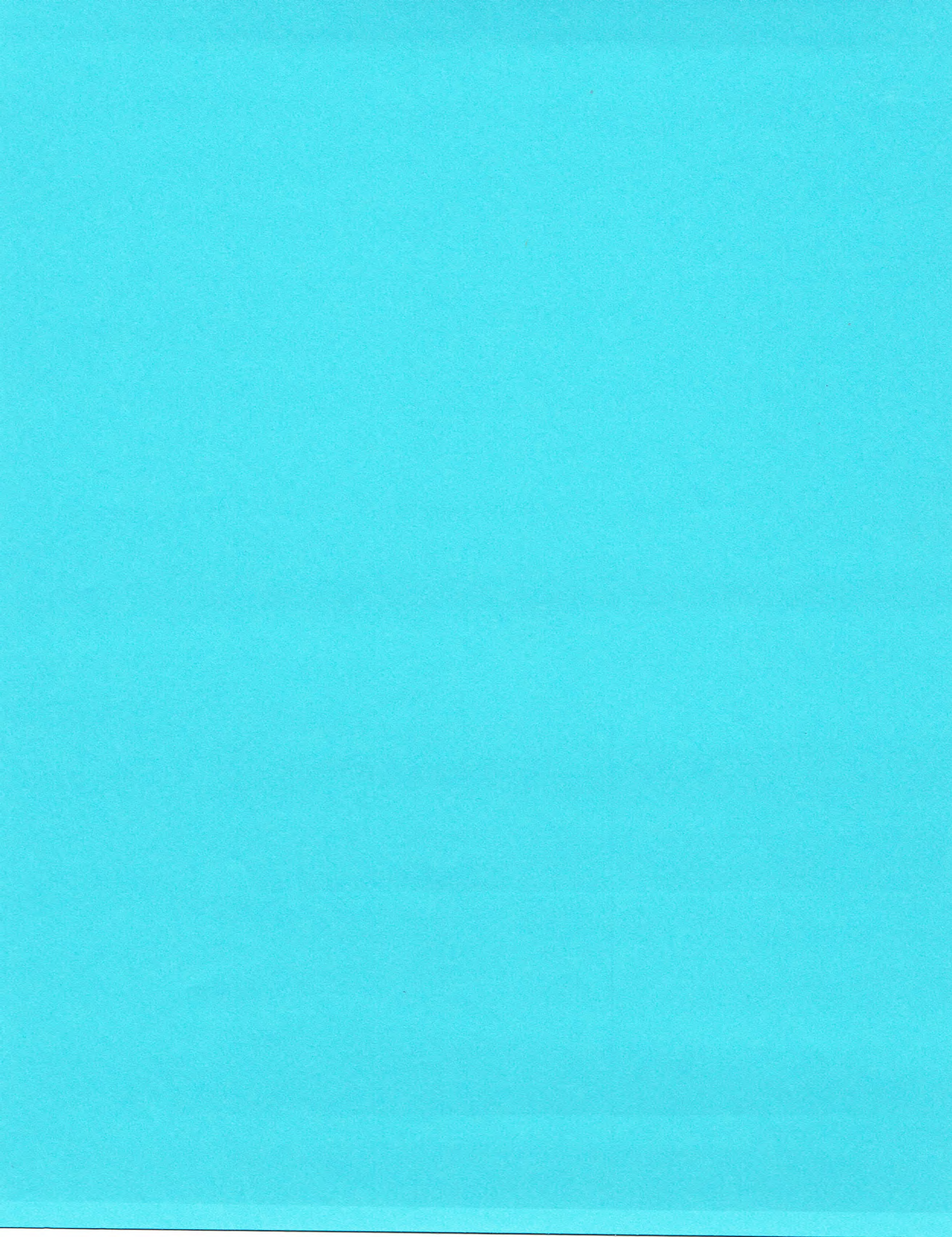
REQUEST FOR RECONVEYANCE

TO TRUSTEE:

The undersigned is the holder of the note or notes secured by this Deed of Trust. Said note or notes, together with all other indebtedness secured by this Deed of Trust, have been paid in full. You are hereby directed to cancel said note or notes and this Deed of Trust, which are delivered hereby, and to reconvey, without warranty, all the estate now held by you under this Deed of Trust to the person or persons legally entitled thereto.

Dated: ..... page 4 of 4







RECORDING REQUESTED BY

MAIL TAX STATEMENT TO

*mcw* →

RECORDED AT REQUEST OF  
FICITY NATL.  
TITLE  
1990 MAY 18 AM 8:30  
OFFICIAL RECORDS  
MARIN COUNTY CALIFORNIA  
JAMES J. DAL BON

WHEN RECORDED MAIL TO

Name  
Street Address  
City & State  
GERALD D. ARMSTRONG  
707 FAWN DRIVE  
SAN ANSELMO, CA 94960

*9.00*

ORDER NO. 233255-KW  
ESCROW NO. 992874-FA

SPACE ABOVE RECORDER'S USE ONLY

**GRANT DEED (INDIVIDUAL)**

The undersigned grantor(s) declare(s):  
Documentary transfer tax is \$ 583.00  
(XX) Computed on full value of property conveyed, or  
( ) Computed on full value less value of liens and encumbrances remaining at time of sale.  
( ) Unincorporated area (XX) City of SAN ANSELMO  
Tax Parcel No. 177-122-17

FOR A VALUABLE CONSIDERATION, receipt of which is hereby acknowledged,  
FAWN PARTNERSHIP, A LIMITED PARTNERSHIP

hereby GRANT(S) to GERALD D. ARMSTRONG, AN UNMARRIED MAN AND MICHAEL WALTON, AN UNMARRIED  
MAN, AS TENANTS IN COMMON

the following described real property in the CITY OF SAN ANSELMO  
County of MARIN, State of California:  
FOR LEGAL DESCRIPTION, SEE ATTACHMENT MADE A PART HEREWITH.

Dated MAY 15, 1990

X *[Signature]*  
FAWN PARTNERSHIP, A LIMITED PARTNERSHIP  
X *[Signature]*  
X *[Signature]*  
X *[Signature]*

STATE OF CALIFORNIA }  
County of \_\_\_\_\_ } s.s.

X *[Signature]*  
X *[Signature]*

On this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_, before me, the undersigned, a Notary Public in and for  
said County and State, personally appeared \_\_\_\_\_

personally known to me (or proved to me on the basis of satisfactory evidence) to be the person \_\_\_\_\_ whose name \_\_\_\_\_  
subscribed to the within instrument and acknowledged that \_\_\_\_\_ executed the same.

WITNESS my hand and official seal.

\_\_\_\_\_  
Notary Public in and for said County and State.

(Notary Seal)



233255-KU

Through the courtesy of -  
Fidelity National Title  
INSURANCE COMPANY



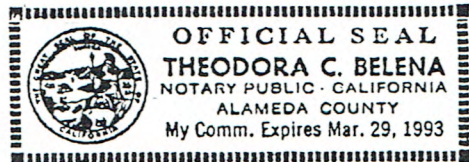
STATE OF CALIFORNIA ) (Acknowledgement)  
County of ALAMEDA ) ss.

On this 16TH day of MAY, in the year 19 90, before me, THEODORA C. BELENA  
a Notary Public in and for the said County and State, residing therein, duly commissioned and sworn, personally  
appeared MICHAEL D. BAJO AND EDMUND G. BARRY

~~personally known to me~~ personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s):  
 INDIVIDUAL) Whose name is subscribed to this instrument, and acknowledged that he (she or they) executed it.  
 CORPORATION) Who executed the within instrument as \_\_\_\_\_ president and \_\_\_\_\_ secretary, on behalf of the corporation therein named, and acknowledged to me that such corporation executed the within instrument pursuant to its articles and by-laws and a resolution of its Board of Directors.  
 PARTNERSHIP) That THEY executed the within instrument on behalf of the partnership, and acknowledged to me that the partnership executed it.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal, in and for said County and State, the day and year first above written.

Theodora C. Belena  
Notary Public in and for said County and State of California  
My commission expires:



FD-1B

Through the courtesy of -  
Fidelity National Title  
INSURANCE COMPANY



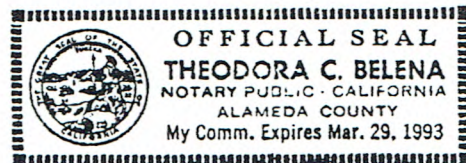
STATE OF CALIFORNIA ) (Acknowledgement)  
County of ALAMEDA ) ss.

On this 15TH day of MAY, in the year 19 90, before me, THEODORA C. BELENA  
a Notary Public in and for the said County and State, residing therein, duly commissioned and sworn, personally  
appeared ARTHUR CHARTOCK AND RICHARD RUSHTON AND LARRY ZEIDMAN AND  
GERALD ARMSTRONG

personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s):  
 INDIVIDUAL) Whose name is subscribed to this instrument, and acknowledged that he (she or they) executed it.  
 CORPORATION) Who executed the within instrument as \_\_\_\_\_ president and \_\_\_\_\_ secretary, on behalf of the corporation therein named, and acknowledged to me that such corporation executed the within instrument pursuant to its articles and by-laws and a resolution of its Board of Directors.  
 PARTNERSHIP) That THEY executed the within instrument on behalf of the partnership, and acknowledged to me that the partnership executed it.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal, in and for said County and State, the day and year first above written.

Theodora C. Belena  
Notary Public in and for said County and State of California  
My commission expires:



FD-1B



## DESCRIPTION PAGE OF ORDER NO. 233255-KW

Said land is situated in the County of Marin, State of California.

## PARCEL ONE

PARCEL TWO as shown upon that certain Parcel Map entitled, "Parcel Map Lands of California Land Title Portion Lands described in book 2887 of Official Records, at page 367, also being Portion of Lots 501 and 501-A unrecorded Map of Sleepy Hollow Acres, Vicinity of San Anselmo, Marin County, California, filed for record April 8, 1976 in Volume 12 of Parcel Maps, at page 43, Marin County Records.

EXCEPTING THEREFROM that portion deeded to Alain Pigois and Nina Pigois, husband and wife, as community property, by Deed recorded February 27, 1989, Serial No. 89 13373.

## PARCEL TWO

AN EASEMENT for ingress, egress and public utility purposes described as follows:

BEGINNING at a point on the centerline of Fawn Drive, said point being the most southwesterly corner of Parcel 3, as shown upon that certain map entitled, "Parcel Map Lands of California Land Title Portion Lands described in Book 2887 of Official Records, at page 367, also being a portion of Lots 501 and 501-A, unrecorded Map of Sleepy Hollow Acres, Vicinity of San Anselmo, Marin County, California", filed for record April 9, 1976 in Volume 12 of Parcel Maps, at page 43, Marin County Records, said point also being the intersection of the calls "South 26° 20' East 135 feet and North 63° 40' East 20 feet" as contained in Parcel 2 of the Deed executed by California Land Title Company, a corporation to Michael C. McGuckin, et ux, recorded March 26, 1976 in Book 3010 of Official Records, at page 190, Marin County Records; thence from said point of beginning and along the exterior boundary of said Parcel 3, North 63° 40' East 20 feet; thence North 75° 07' 20" East 164.00 feet; thence leaving said exterior boundary of Parcel 3, North 12° 41' East 85.00 feet; thence North 30° 45' West 126.00 feet, thence North 13° 30' East 79.21 feet to the northwesterly boundary of Parcel 1, as shown upon that certain map referred to hereinabove; thence along the exterior boundary of said Parcel 1, South 84° 00' West 75.70 feet to the most Northerly corner of the parcel of land described in the Deed executed by Charles B. Robertson, et ux, to Paul Hopkins Talbot, Jr., et ux, recorded January 30, 1956 in Book 1002 of Official Records, at page 623, Marin County Records; thence continuing along said exterior boundary of Parcel One, South 21° 53' 30" East 111.77 feet, thence leaving said exterior boundary of Parcel 1, South 18° 45' East 95.06 feet thence South 21° 48' West 70.66 feet; thence South 75° 07' 20" West 160.00 feet to the centerline of Fawn Drive; thence along the exterior boundary of said Parcel 3, also being the centerline of "Fawn Drive, South 26° 20' East 24.46 feet to the point of beginning.

A.P. 177-122-17







E-14-90

Dear Michael:

This is what  
right now seems  
sensible:

1. I would like  
to transfer my  
interest and equity  
in this house to  
you. You can do  
it in whatever way  
makes the most  
sense, is legal,  
and incurs no  
tax liability.  
Since nothing has  
really changed,  
considering taxing  
nothing is a



needless, <sup>2</sup> albeit poetic,  
activity. It might  
be a trust you ad-  
minister.

2. Whatever cash  
there is in our  
current joint accounts  
will be solely  
yours, except for  
the repayment to me  
of whatever expend-  
itures I have made  
from my personal  
accounts for house  
repair / ~~up~~ upgrade  
items since the  
move.

3. It finally  
struck me as



beautiful <sup>(3)</sup> to issue  
shares in T G A C

as follows:

Michael Watton	25
Michael Douglas	25
Nancy Rhodes	25
Bambi Sparks	25

I will prepare an  
inventory of corporation  
tangibles and will  
bring all records up  
to date.

4. I will give  
Bambi my car and  
personal effects, ex-  
cept for certain



pieces of furniture  
which I consider  
belong in this house.  
I will give her  
whatever cash I  
have personally at  
the time I give it  
to her.

4.  
5. I will forgive  
all debts.

6. My timetable  
is a bit uncertain,  
but I have in mind  
right now to complete  
1-5 above by August

24  
I'll  
go to Laurel's wedding.



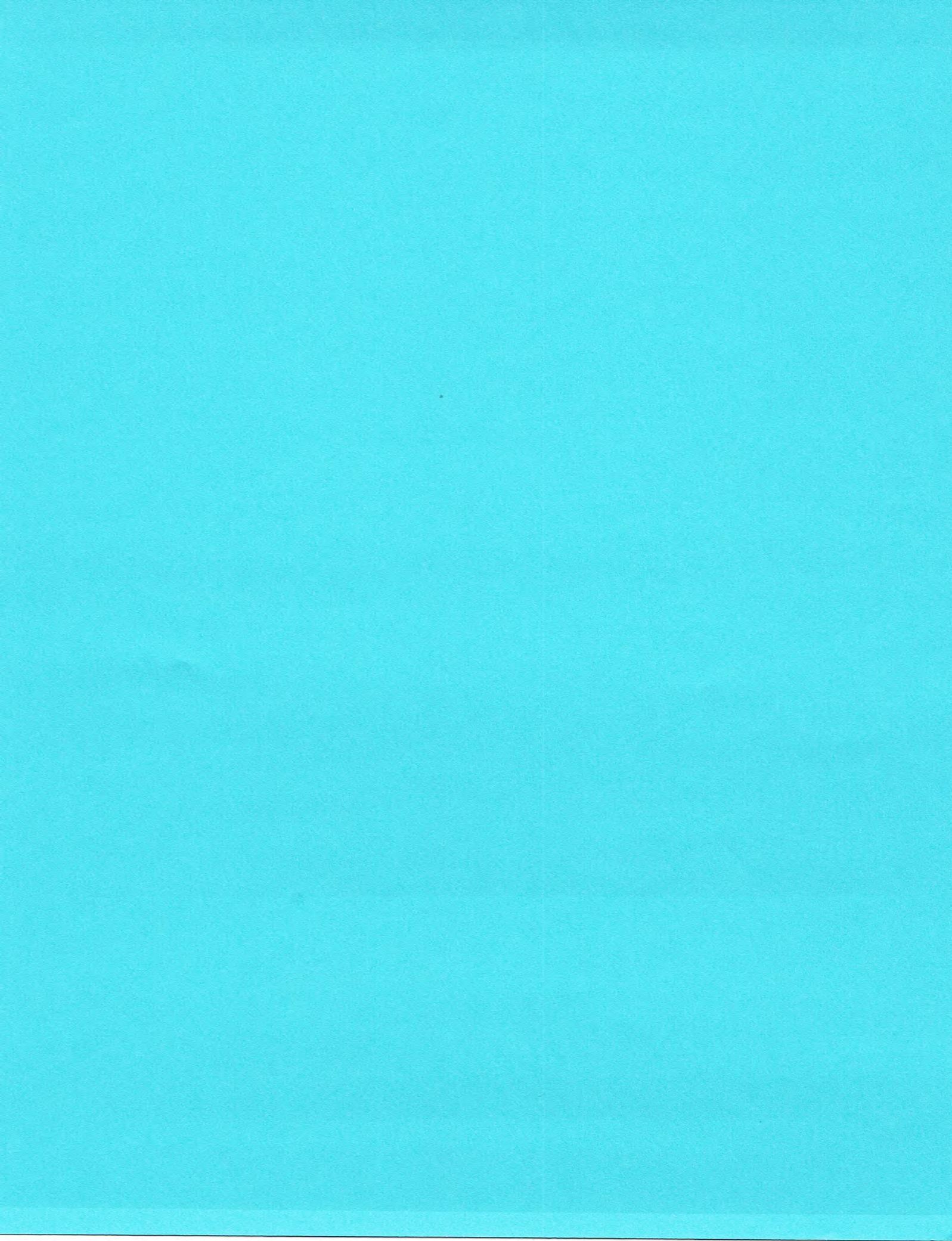
(5.)  
I've just sent in  
applications to the  
Columbia Valley 1/2  
Marathon (9-3-90 in  
B.C.) and the Port-  
land Marathon (9-30-90)  
so those dates will  
govern my travel  
plans (if I do  
the races). It's  
my hope at this  
time to continue  
training wherever  
I am. It's my  
guess that you  
and I will have



(6.)  
business over the next  
few months that  
will make my presence  
here sensible for a  
period of time.

There are other  
details.







8-23-90

Dear Michael:

Outside Courtroom 4.  
The yellow Frank Lloyd  
Wright light has come on  
and we're inside. "Court  
in session." Sure, and my  
only pen is running out  
of ink.

By Saturday I will  
own a bag of things.  
There will remain non-  
TGAC items as follows:

1. Dining room set.  
Yours personally by this  
letter.
2. Some of Bambi's  
stuff. All her things  
will be moved downstairs  
into what now serves



μ as the TGAC president  
suite. TGAC, by the  
way, I believe, should  
be pronounced Tee-gee-ack.  
Teegaac, also pronounced  
Tee-gee-ack, by the way,  
was the planetary name  
used by LRA in the  
OT III incident. He claimed  
the word is restimulative  
to all humans.

3. There are a few  
things left to give away  
or return to various people.

μ 4. TGAC will  
own the following:

1. Existing office equip-  
ment/ - 4 file cabinets and  
furniture - contents  
- photocopier



- drafting table
- drafting machine \*
- Mac +
- Inge Writer II
- Mac table
- VCR
- opaque projector \*
- projector table \*
- Marantz portable recorder
- twin head recorder
- Microphone
- 2 sets headphones
- 3 chests of drawers
- futon frame, cover and linen
- futon, pillows
- Chinese rug
- 2 rockers.

CAP

Count really is now in session.

Info re procedures -  
- infra - max  
20 day exp  
ad/or res.

\* = in storage



(4)

mis:  
six months or jail  
and/or \$2000.00

- right to counsel.
- inpro - Court trial
- mis - jury or ct.
- subpoena right - no cost
- against self - incrimination.
- Court right to testify  
in own defense
- traffic school
  - if been w/in 3 yrs.
  - and/or more than  
1 conviction?
- "fix-it tickets"
- fine will be substantially  
reduced (ins).
-



Sept

S	M	T	W	T	F	S
2	<u>3</u>	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30						

Contempt of court -  
 fairly stringent penalties -  
 extreme financial hardship

\$8.00/hour vol. wk. Pgm.

well loved dear  
 that you're here

Judge has called the  
 first three. Heart at  
 68, but pounding. It  
 always happens in court



The guy whose cruise control he brought on a surge. It wasn't just booze or the speed of the feel of an up.

Reduced fine to \$75.00  
Two weeks to get a license.  
nice judge. I think he has a sense of humor.

Group two.  
Fifty-nine in a forty zone.  
Forty-two in a twenty-five.  
The forty-two has three priors. The fifty-nine is only twenty-nine and German and blond.

Someone else, two of them, get traffic school.



We've made \$210.00; unless  
I sign this page.

Group three.

Seventy in a fifty. Already  
been to traffic school.

Group four.

Red light. Eligible for  
traffic school.

Insured - dismissed

Seventy - two in fifty - five.  
Traffic school.

Seventy + in forty - five  
G.A. Bridge - Plea. N.G.

Group five.

Seventy in fifty.

Failure to stop a stop  
sign. Reduced fine.

(P)



(8)  
"Tickets get sold. Unfortunately -  
stely they're like relatives;  
they never go away."

Failure to stop. Failure  
to appear. It takes more  
than one hop to make a  
good beer.

The insert can be  
read two ways. It does  
or doesn't say come here  
Tuesday.

Group six.

11-14-88 illegal left  
time. Nothing in the  
mail. Well, you're  
here now. \$65,000.

Eighty in fifty-five

N.G.

Illegally tinted  
windows. Failure to



appear.

Proof of correction was received & by someone.

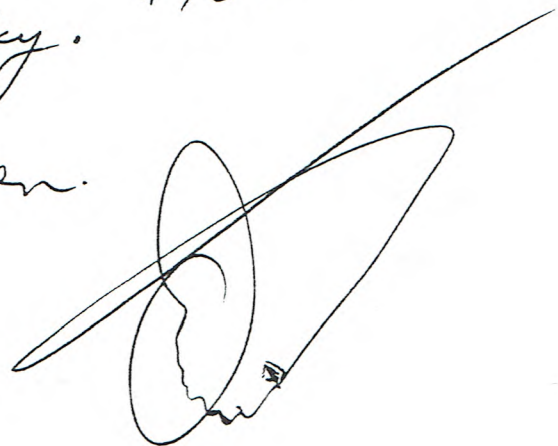
Count one dismissed. Count two, fifty dollar fine.

Do you speak English. Unlicensed driver. Fine reduced to \$35.00.

Commissioner Robbers has finished his calendar so he'll be taking half of the cases left. Names called. In still here.

In more. In 100 cent. Umbrella policy. \$100.00.

Group seven. In up.





RECORDING REQUESTED BY

AND WHEN RECORDED MAIL THIS DEED AND, UNLESS OTHERWISE SHOWN BELOW, MAIL TAX STATEMENTS TO:

NAME MICHAEL L. WALTON  
STREET ADDRESS 707 FAWN DRIVE  
CITY SAN ANSELMO, CA 94960  
STATE  
ZIP

Title Order No. \_\_\_\_\_ Escrow No. \_\_\_\_\_

RECORDED AT REQUEST OF

AS SHOWN  
1990 AUG 27 A 10:00

OFFICIAL RECORDS  
MARIN COUNTY CALIFORNIA  
JAMES J. DAL BON

SPACE ABOVE

# GRANT DEED

DOCUMENTARY TRANSFER TAX \$ 00 / GIFT

- computed on full value of property conveyed, or
- computed on full value less liens and encumbrances remaining at time of sale.

*[Signature]*  
Signature of Declarant or Agent Determining Tax Firm Name

FOR VALUABLE CONSIDERATION, receipt of which is acknowledged, I (We), GERALD D. ARMSTRONG  
UNMARRIED MAN AND MICHAEL WALTON, AN UNMARRIED MAN, <sup>(as grantor)</sup> AS TENANTS IN COMMON

grant to MICHAEL L. WALTON, AN UNMARRIED MAN

all that real property situated in the City of SAN ANSELMO  
(name of grantee(s))

(or in an unincorporated area of) MARIN County, California  
(name of County)

described as follows (insert legal description):

FOR LEGAL DESCRIPTION, SEE ATTACHMENT "A" MADE A PART HEREWITH

Assessor's parcel No. 177-122-17

Executed on Aug. 24, 1990, at SAN ANSELMO, CA  
(City and State)

STATE OF CALIFORNIA

COUNTY OF marin

*[Signature: Gerald D. Armstrong]*  
*[Signature: Michael L. Walton]*  
} SS

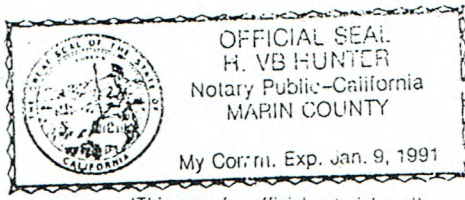
On this 24 day of August in the year 1990, before me, the undersigned, a Notary Public in and for said State, personally appeared

Gerald D. Armstrong and  
Michael L. Walton

\_\_\_\_\_ personally known to me (or proved to me on the basis of satisfactory evidence) to be the persons whose names are subscribed to the within instrument, and acknowledged to me that they executed it.

WITNESS my hand and official seal.

*[Signature: Notary Public]*  
Notary Public in and for said State.



(This area for official notarial seal)

MAIL TAX STATEMENTS TO AS DIRECTED ABOVE  
NAME ADDRESS 715



